

SENATE RULES COMMITTEEGRP 1

Office of Senate Floor Analyses

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THIRD READING

Bill No: GRP 1
Author: Ducheny (D)
Amended: As introduced
Vote: 21

WITHOUT REFERENCE TO FILE

SUBJECT: Information Technology Reorganization**SOURCE:** The Administration

DIGEST: This reorganization plan consolidates state information technology functions under the Office of the State Chief Information Officer.

ANALYSIS: Pursuant to the government reorganization process specified in statute, the Legislature has 60 days to consider a GRP—50 days for hearing in standing committee(s), and 10 days for consideration on the Floor. Before the 61st day, a resolution, by floor motion, may be made in either or both houses of the Legislature for dispensing with the proposal “as is” (i.e. without amendment), or, barring action by either house to deny it, the plan takes effect the 61st day after the date of submission to the Legislature.

GRP No. 1 was submitted to the Legislature on March 10, 2009, and would take effect on May 10, 2009 without objection.

The Senate Budget report on GRP No. 1:

1. Provides historical context regarding the state’s information technology (IT) governance;

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2. Summarizes key aspects of the Governor’s proposal, including the organizations and functions to be consolidated; and
3. Identifies strengths and weaknesses therein.

Among the highlights of the report are the following:

Information Technology Organizations and Functions Proposed for Consolidation

The Governor proposes a “federated” governance model, in which the Office of the State Chief Information Officer (OCIO) would enjoy enhanced authority over various IT services and functions while leaving some “local control” at the agency and department levels. The organizations and functions proposed for consolidation under the existing OCIO are as follows:

Organizations	Positions*	Funds* (in millions)
Office of the Chief Information Officer (OCIO)	34	\$7.1
Department of Technology Services (DTS) – including the Technology Services Board	801.8	\$278
Department of General Services, Telecommunications Division (DGS-TD)	368	\$223
Office of Information Security and Privacy Protection (OISPP) – information security functions	6	\$1.5

*As authorized by the Budget Act of 2008.

Functions	Currently Performed By:
Enterprise (Statewide) IT Management	None
Enterprise (Statewide) Information Security	OISPP
Data Center & Shared Services	DTS
Unified Communications Services (voice/video/data networks and radio systems)	DTS & DGS
IT Human Capital Management	OCIO & DTS
IT Procurement Policy	DGS
Broadband & Advanced Communications Services Policy	Business Transportation & Housing Agency (BT&H)

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GRP No. 1 Strengths and Benefits

The Senate Budget report identifies the following strengths and benefits of the proposed IT consolidation:

1. Consistent with recommendations from the RAND Corporation and the Little Hoover Commission, the GRP would move the state toward a more consolidated IT governance model and pave the way for more efficient and effective management of state IT, including enhanced service to the public.
2. By providing the OCIO with additional tools (e.g., the authority to set procurement policy), the Administration projects GRP No. 1 would generate at least \$1.5 billion in cost savings and avoidances over the next five years (a 10 percent reduction).
3. By adopting a “federated” governance model rather than a completely consolidated (“command-and-control”) model, the OCIO hopes to make “big picture” IT decisions, but leave enough “local control” with agencies and departments to encourage creativity and avoid “one-size-fits-all” inefficiencies.
4. By moving the IT security function from the State and Consumer Services Agency to the OCIO, the GRP would likely reduce the state’s vulnerabilities and provide a consistent, integrated security approach across all of state government.
5. Based on existing statute, the OCIO would sunset effective January 1, 2013, meaning the Legislature would have an automatic opportunity in the future to review the outcomes of the GRP and make changes as needed.

GRP No. 1 Weaknesses and Concerns

The Senate Budget report identifies the following weaknesses and concerns associated with the proposed IT consolidation:

1. Although providing the OCIO with IT procurement policy could help the state better leverage its buying power through consolidated procurements and clearer requirements, this increased efficiency could result in

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decreased equity in terms of businesses that are able to successfully compete for and receive state IT contracts. This does not appear to be a fatal flaw in the proposal (and would not change existing statutory contracting protections for specified groups), but bears monitoring via reporting language.

2. Although GRP No. 1 would not result in any immediate relocation of existing state staff, the reorganization plan would likely require extensive cultural change in state government (both within the entities being consolidated and in the agencies and departments that would be subject to the new IT practices promulgated by the OCIO). While many of these changes may be necessary and to the ultimate benefit of the state, experience suggests that instituting the changes envisioned in GRP No. 1 would generate inevitable conflicts. GRP No. 1 does not include a clear plan for addressing these challenges, and this may pose a risk to the identified benefits of the proposal, including savings projections. Again, close oversight via regular reporting should help alert the Legislature if, and when, problems arise.
3. Finally, GRP No. 1 includes consolidation of the Department of General Services (DGS), Telecommunications Division under the OCIO—one of the few parts of the plan that does not generate any direct cost savings or avoidance. This move only makes sense if the OCIO is ready and able to provide better leadership than the DGS on telecommunications, particularly with regard to radio interoperability for emergency communications. In drafting legislation to memorialize GRP No. 1 in statute, the Legislature should consider adopting language to ensure that telecommunications remains a top priority of the OCIO amid the many and varied pieces of the reorganization.

The administration indicates this GRP is a first step toward greater centralization of state IT functions. The administration believes this first phase of reorganization would permit the state to avoid \$185 million in costs (all funds) in 2009-10 and \$1.5 billion in costs (all funds) over five years. This would be achieved through such means as consolidating software contracts, data centers, computer rooms, servers, storage, and networks.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

DLW:cm 5/6/09 Senate Floor Analyses

SUPPORT/OPPOSITION: NONE RECEIVED

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